

S E C R E T

OS REGISTRY

FILE

See 13

14 November 1980

MEMORANDUM FOR: SA to the DCI for Compartmentation

FROM: [REDACTED]

SUBJECT: APEX Steering Group Meeting, 12 November 1980

1. The 43rd meeting of the APEX Steering Group was held on 12 November 1980. The following attended:

ACS	[REDACTED]	Chairman	25X1
OSD	Maynard Anderson		
COMIREX	[REDACTED]		25X1
SIGINT	[REDACTED]		
Army	Merrill T. Kelly		
FBI	David G. Major		
NSA	[REDACTED]		25X1
DIA	[REDACTED]		
AF	Colonel Robert A. Shiver		
Navy	Richard Welch		
INR	William Deary		
CIA	[REDACTED]		25X1
SECOM	[REDACTED]		
DIA	[REDACTED]		
DIA	[REDACTED]		
NSA	[REDACTED]		25X1
RMS	[REDACTED]		
SIGINT	[REDACTED]		
State	Donald Stigers		
NSA	[REDACTED]		25X1
Army	Major William Poage		25X1

2. The Chairman opened the meeting by distributing the APEX portion of the DCI's budget decisions and noted that appeals were due by noon that day. He also distributed a list of APEX questions received from the SSCI passed to the group when completed. [REDACTED]

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3. [ ] reported on a recent ACS trip to the West Coast to brief [ ] personnel. He mentioned their concern that their limited resources can be applied to APEX only at the cost of operational efforts and that they question the benefits of APEX to their efforts. He stated his own belief that the latter results from their being cloistered and not able to see the "big picture." [ ]

4. An OSD response to the proposal that compartmentation of APEX code-words be permissible was distributed. [ ] later indicated that a new proposal will be available by 25 Nov [ ] 25X1

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5. [ ] Chief of the NSA staff element responsible for second and third party affairs, briefed the group on arrangements with third parties and responded to questions. A summary of her briefing is provided separately to attendees. [ ]

6. Copies of a memorandum on APEX implementation from the Chief of Naval Material to the CNO were distributed. Mr. John Costello of Naval Material Command discussed the memorandum which was generated in response to a CNO request for an assessment of the APEX impact on Navy contracts. He emphasized that they really cannot determine the costs at this time. At least thirteen companies were contacted and responses ranged up to \$20M. Determining costs is complicated by the need to sort out the non-recurring costs which should be shared by all government customers of a specific company. These often, currently, do not even know of each other's "existence." Sources of funding must be determined through decisions on that which was to be procured but must now be cut back. Naval Material believes that they will have to proceed on a contract-by-contract basis, negotiating APEX into each new contract as it comes up. Over about a year the bulk of Navy contracts would be completed. Some expiring contracts would not even have to be addressed. The true cost will have to be learned by implementing. Mr. Costello noted that estimates by companies had been based on only 5-7 days of thought and were based on questionable assumptions. Matters such as the disposition of previously granted waivers will also affect costs. [ ] indicated that feedback from Navy contractors appeared to be the same as from his organization's contractors. There was discussion of which security provisions are requirements arising out of APEX or out of other directives. In response to a question from Mr. Deary, Mr. Costello indicated that approximately 90 days would be required for conversion of the first contract(s), and the time requirement is unaffected by the fiscal year in which it takes place. There was a question of whether or not a contract has to be renegotiated before provision can be made to provide APEX material to a contractor. The subject of DoD procedural manuals for contractors was raised by [ ] It was explained that DoD manuals implement national directives. Contracts do not reference the manuals and are not normally renegotiated when new security direction is developed. [ ] questioned the feasibility of one company with fifteen large contracts having them converted according to different schedules. The Chairman noted that auditors are less gloomy about forcing contractors to absorb costs and about getting costs reduced than are contracting officers. [ ] 25X1  
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7. Draft #9 of the HUMINT Product manual was distributed. Discussion was deferred until the next meeting, pending discussion [redacted]

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[redacted] There was a question of whether or not, under current procedures, DIA satisfies the accountability requirements specified (and objected to) in the draft manual. [redacted]

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8. A chart of APEX milestone information to be the basis for the 18 November NFIB discussion was distributed. In response to a question from Mr. Deary, [redacted] noted that the SIGINT suboperational compartment cannot be described until the cut-off between product and operational data is established. In response to the Chairman, [redacted] described the drafting, coordination, and review cycles behind the dates provided for NSA-produced manuals. He noted that time estimates for all of this are regarded as conservative and may be adversely affected by meeting schedules, etc. He also noted that estimates of the time for manual completion had resulted in a December 1981 date which was arbitrarily moved back to September 1981. [redacted]

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[redacted] noted that his organization's estimates are based on an arbitrary assumption of six weeks for community coordination on compartment and subcompartment manuals. However, the completion dates were the dates on which dissemination would begin. Mr. Anderson suggested that ninety additional days must be allowed for DoD dissemination. [redacted]

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[redacted] reviewed the IMAGERY manual milestones with the aid of a viewgraph chart. He noted that the schedule is considered optimistic. [redacted]

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[redacted] reported that the dates associated with the COMINT and TECHNICAL manuals do not include development of the video indoctrination material. Otherwise, the dates are considered realistic and work is currently proceeding slightly ahead of schedule. [redacted]

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[redacted] indicated that sixty days and thirty days are the estimates for CIA access review and indoctrination respectively. [redacted]

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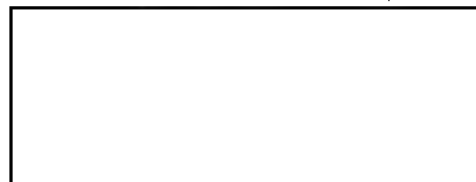
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be a factor in the extensive updating of the Navy's billet system that is required. He also emphasized the dependence on resources noting that IG inspections currently uncover severe deficiencies which are already known to the involved personnel who already are working a great deal of overtime. ☐ 25X1

Mr. Deary mentioned that the State Department estimates were low because they have already started some access review and they assume granting of accesses to operational compartments and subcompartments would not be contentious. ☐ 25X1

The Chairman said that the milestone chart would be provided to NFIB with a supporting paper developed by the ACS. ☐ 25X1

9. The latest version of the policy paper on ACF's was distributed for review and discussion at the next meeting. ☐ 25X1



SA/DCI/☐cs

## Distribution:

Orig - SA/DCI/C File  
 1 - SA/DCI/C Chrono  
 1 - William P. Deary, INR/State  
 1 - Richard Welch, Navy  
 1 - Maynard Anderson, OSD  
 1 - ☐ DIA  
 1 - Merrill T. Kelly, ACSI  
 1 - Col. Robert A. Shiver, USAF  
 1 - ☐ NSA  
 1 - David G. Major, FBI  
 1 - ☐  
 1 - ☐ man, SIGINT Committee  
 1 - ☐ an, COMIREX  
 1 - ☐ APEX Security Officer  
 1 - ☐ NFAC  
 1 - ☐ munity Affairs  
 1 - Executive Registry